management demands that some shares be bought. On the other hand, there is the probability that the power will be abused. The growing tendency in the United States is to allow the possibilities for good to outweigh the fears of harm.

VESTING OF STOCKHOLDERS' RIGHTS IN TRUSTEES. — Under present economic conditions where vast enterprises are carried on by corporations, stability of corporate management is necessary for success. A consistent policy can hardly be maintained if the board of directors is subject to frequent change by the majority stockholders. The mode of welding diverse interests into a common unit for the support of a continuous policy, is the voting trust. Such trusts have frequently been before the courts in cases where it was unnecessary to pass upon their inherent validity or invalidity. It is settled that if the object is illegal, for example, a secret personal advantage to the members of the pool, the agreement is void.[1] On the other hand, where the object is to protect third parties who, in reliance on the agreement, relinquish claims or advance money to the corporation, the trust is good.[2] In at least one square decision, however, the voting trust has been held void as contrary to public policy[3] in that the stockholders should exercise their discretion on the questions submitted to them and should not be allowed permanently to divest themselves of the power of control in favor of those who have no beneficial interest in the corporation, and the New Jersey Court of Appeals has recently taken the same view. *Warren* v. *Pim*, 59 Atl. Rep. 773 (N. J.). There are a number of well-reasoned *dicta* to the contrary;[4] and upon principle, since many of the stockholders in a large corporation scattered throughout the country have no knowledge of the methods of management and are unable to attend the stockholders' meetings, it is difficult to see why such trusts, if formed *bona fide* for the purpose of promoting the interests of the corporation, ought not to be supported. In practice they are most frequently used for the purpose of assuring to reorganized corporations a trustworthy management.

In reorganizing insolvent corporations a somewhat similar plan is frequently adopted. The readjustment of the disordered finances of such a corporation, especially in a manner to suit all concerned, is a difficult problem. Any arrangement by which a going concern is substituted for the insolvent one, benefits both stockholders and bondholders and should be completed as speedily as possible. Consequently, in order to avoid the delay necessarily incident to a submission of every proposed measure to the shareholders or bondholders, the reorganization committee is given legal title with practically unlimited discretionary powers in executing the trust. There would seem to be no serious objection to giving them full discretionary power, in working out the plan of reorganization, to change express stipulations as well as to add new ones, where necessary. It should be merely a question of interpretation whether they have been given such a power or not; but the language of some of the cases would deny the possibility of such

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[1] Shepang Voting Trust Cases, 60 Conn. 553.
[2] Mobile & Ohio R. R. Co. *v.* Nicholas, 98 Ala. 92; Greene *v.* Nash, 85 Me. 148.
[3] Harvey *v.* Linville Improvement Co., 118 N. C. 693.
[4] See Brightman *v.* Bates, 175 Mass. 105; Brown *v.* Pacific Mail Steamship Co., 5 Blatchf. (U. S.) 525.

construction. *Industrial & General Trust* v. *Tod*, 180 N. Y. 215. In the only other case where this point seems to have been raised, the court took the same ground.[5] Yet where the trustees are acting in good faith, there seems to be no greater objection to giving them full power of management in reorganization than in giving them similar power after organization by means of a voting trust. Therefore, in those jurisdictions where the voting trust is held valid, the reorganization agreement giving full power should be upheld also. In each case the stockholder divests himself of the immediate power of control and trusts to the honesty and discretion of others.

TITLE BONDS AS COLOR OF TITLE. — The confusion in the decisions attempting to define color of title is doubtless due in large part to the varying objects for which it becomes necessary to determine the meaning of the phrase. Its chief importance probably still consists in its connection with the doctrine of constructive adverse possession, which confers the right to acquire title to land not actually owned or occupied [1] as well as to bring trespass for entrance upon such land.[2] A second class of cases, however, is becoming steadily larger as a result of special statutes of limitation making color of title an essential element in the acquisition of title to land actually occupied.[3] This is especially common in statutes prescribing a comparatively short period of limitation. In some jurisdictions, indeed, the requirement appears to have been made even in the absence of express mention in the statutes.[4] Finally, a third of the main heads under which the discussions may be grouped, comprises actions brought under legislative provisions permitting recovery for improvements to land made *bona fide* and under color of title.[5]

It is not unnatural that in applying the statutory requirements to an individual case the courts have used language so broad as to be capable of application to cases of a different class. Upon this ground some attempt has been made to explain the conflict of authority as to the necessity of an instrument in writing, the adequacy of a deed void upon its face, and similar disputed questions.[6] Unavailing though this attempt must in part be, it at least throws light upon points not yet hopelessly involved. It is, for instance, generally stated that bonds for title or executory contracts of sale will not give color of title. An examination of the decisions, however, discloses that many of them apply only to cases arising under short limitation statutes,[7] a strict construction of which is not inappropriate. In other cases

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[5] See Cox *v.* Stokes, 156 N. Y. 491, 507.

[1] Jackson d. Hasbrouck *v.* Vermilyea, 6 Cow. (N. Y.) 677; Bellefontaine Imp. Co. *v.* Niedringhaus, 181 Ill. 426.

[2] 14 HARV. L. REV. 389.

[3] Dembitz, Land Titles § 186. Statutes requiring color of title often define it for their purposes. See Thompson *v.* Cragg, 24 Tex. 582; Finnegan *v.* Campbell, 74 Ia. 158.

[4] That is, courts have apparently required color of title in ordinary cases of adverse possession; but the phrase seems to have been used loosely in this connection as equivalent simply to claim of title. See Sedgwick and Wait, Trial of Title to Land, 2d ed., §§ 763, 764.

[5] Boyer *v.* Garner, 116 N. C. 125.

[6] 2 Va. L. Reg. 553; Sedgwick and Wait, Trial of Title to Land, 2d ed., §§ 763, 764.

[7] Hardin *v.* Crate, 78 Ill. 533.